

Message Text

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71

ACTION ARA-20

INFO OCT-01 ISO-00 L-03 SS-15 NSC-10 AGR-20 CIAE-00

COME-00 EB-11 INR-10 LAB-06 NSAE-00 RSC-01 SPC-03

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P 042120Z OCT 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC PRIORITY 1147

C O N F I D E N T I A L LA PAZ 6064

E.O. 11652: GDS

TAGS: PFOR BL

SUBJ: PRESIDENT BANZER TO INVITE AMBASSADOR FOR "SUBSTANTIVE"
CONVERSATION

1. PRESIDENT BANZER STATED TO ME IN "PRESENTATION OF CREDENTIALS"
CONVERSATION OCTOBER 3 THAT HE WILL INVITE ME WITHIN
FEW DAYS TO CALL ON HIM FOR SUBSTANTIVE DISCUSSION. THIS
WAS THE ONLY SIGNIFICANT ASPECT OF THAT BRIEF TALK.

2. IF DEPARTMENT APPROVES, I WILL RAISE WITH PRESIDENT
THE COTTON CONTRACT PROBLEM. THIS WILL BE A DELICATE
DEMARCHE AS REPORTEDLY PRESIDENT BANZER IS SENSITIVE TO
PRESSURE ON THIS SUBJECT. DOMESTIC POLITICS WERE AT PLAY
IN THE ISSUANCE OF THE GOB DECREE ON COTTON EXPORT PRICE,
AND BACKTRACKING WILL BE POLITICAL STEP OF SOME DIFFICULTY
FOR HIM. NOW WE HAVE HIS DECISION TO POSTPONE VISIT TO
U.S. BECAUSE HE IS REPORTEDLY APPREHENSIVE ABOUT ADVERSE
REACTION TO NEW ECONOMIC MEASURES TO BE ENACTED SOON.
ALSO PRESIDENT MAY HAVE GONE ALONG WITH COTTON PRODUCERS'
DESIRE TO SELL AT HIGHER PRICES SO THAT GOB COULD DERIVE
INCREASED TAX INCOME, THUS HELPING HIS FISCAL SITUATION.
PRESIDENT HAS JUST RESCINDED ARRANGEMENTS WITH INTERMEDIARIES
FOR \$225 MILLION LOANS, WHICH MUST ALSO HAVE CAUSED HIM
PAIN XKS HE HAD ANNOUNCED THESE CREDITS EARLIER. MY
DISCUSSION OF COTTON PROBLEM ASSUMES FAILURE OF EFFORTS
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NOW BEING MADE BY EMBASSY OFFICERS WITH MINISTER OF INDUSTRY

AND COMMERCE. BANK OF AMERICA MEANTIME REPORTS IT IS TRYING TO BRING TOGETHER COTTON PRODUCERS ASSOCIATION AND COOK, INC. FOR NEGOTIATION.

3. TO CUSHION ADVERSE REACTION AND PERHAPS HEIGHTEN FAVORABLE IMPACT OF MY DEMARCHE, IF DEPARTMENT APPROVES MY MAKING IT, WOULD BE HELPFUL TO HAVE POSITIVE POINTS TO MAKE TO PRESIDENT WHICH MIGHT HAVE BEEN MADE TO HIM HAD HE COME TO WASHINGTON. FOR EXAMPLE, CONFIRMATION OF THE FINAL DELIVERIES ON THE PL-480 WHEAT PROGRAM FOR CALENDAR YEAR 1973 AMOUNTING TO 40 THOUSAND TONS (LESS THE 1,500 TONS RE-PROGRAMMED) WOULD BE VERY HELPFUL AND WOULD TEND TO UNDERLINE OUR POSITION ON SANCTITY OF CONTRACTS, ALTHOUGH THE MATTERS ARE OBVIOUSLY NOT ANALOGOUS.

4. I WOULD APPRECIATE ANY OTHER GUIDANCE DEAPRTMENT CARES TO PROVIDE IN EVENT CONVERSATION WITH PRESIDENT MATERIALIZES.
STEDMAN

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